GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Industries & Commerce Department – Andhra Pradesh Food Processing Policy 2020-2025 – Orders – Issued.

INDUSTRIES & COMMERCE (PROGRAMME.III) DEPARTMENT

G.O.Ms.No.93 Dated:30.12.2020.

Read the following:-

1. G.O.Ms.No.57, Industries & Commerce (FP) Department, dt.24.07.2015.
2. G.O.Ms.No.39, Industries & Commerce (P&I) Department, dt.10.08.2020.
3. Minutes of Meeting (23-11-2020) approved by Hon'ble Chief Minister, Govt. of Andhra Pradesh.

***

O R D E R:

In the G.O 1st read above, orders were issued evolving Food Processing Policy of Andhra Pradesh State 2015-2020.

2. In the G.O 2nd read above, orders were issued for Industrial Development Policy 2020-2023.

3. As the Food Processing Policy 2015-2020 expired, the Government of Andhra Pradesh decided to formulate a fresh Food Processing Policy duly keeping in view of the advantages of Andhra Pradesh like conducive agro climatic conditions, diverse raw material base, excellent infrastructure, large Land bank and abundant availability of skilled manpower etc., has accorded top priority to industrial growth as a means to mitigate poverty and unemployment.

4. After detailed examination and discussions with stake holders concerned Government approved the Food Processing Policy 2020-25 detailed below:

4.1. Aim of Food Processing Policy

The State intends to be the most preferred destination for Food Processing Industry. AP Food Processing policy will have Farmer Centric Vision with better price realization to the farmer.

4.2 Policy Targets

- Make Andhra Pradesh one of the most preferred destinations for food processing sector.
- Minimizes procurement losses taken up by different Government procurement agencies.
- Aims at productivity enhancement of different crops suitable for food processing and also encourages cultivation of promising processing varieties.
- Promotes packaging industry in the State.

- Reduce post-harvest losses by promoting and enhancing food processing infrastructure by increasing farmer's income.
- Create additional employment opportunity.
- Strengthening and upgradation of existing food processing industries.

4.3 Policy Objectives

- To promote Innovation, Research & development for focus crops and ensure continuous technology up gradation by promoting new Technology Transfer to enterprises.
- Appropriate crop planning to ensure regular supply of raw material to the Food processing industry.
- Produces quality produce by encouraging Good Agricultural Practices (GAP).
- To support FPOs/Cooperatives for creation of common infrastructure along the value chain, ensures backward and forward linkages, branding & marketing etc.
- To enhance marketing strategies by tie-up with existing dominant players in food industries.
- To establish Agro Processing clusters closer to production areas that is potential.
- To encourage transition from the unorganized sector to the formal sector by enhanced compliance with food quality and safety standards.
- To impart entrepreneurship, and skill development training to youth by establishing skill development and incubation centers in Food Processing sector.
- Backward linkages with Rythu Bharosa Kendras/primary processing centres for supply of raw material needed for the industry.
- Establishing market linkages/ forward linkages with commodity online platforms.

4.4 Rythu Bharosa Kendram (RBK): with Primary Processing Centre

For the first time in India, Government of Andhra Pradesh envisaged a new concept of Rythu Bharosa Kendras (RBKs) in all the Village Secretariats to serve as a single point of contact / single window system to cater to all the day to day needs of the farming communities.

The RBKs will offer up to 13 different kinds of infrastructure services for farmers at the village level, depending on the local crop patterns and requirements. The services include godown facility, drying platforms for drying agricultural produce, Collection centres, cold storages, custom hiring centres, primary processing centres, assaying equipment (to determine the quality of produce), bulk milk cooling units, procurement centres and e-marketing. Cattle sheds and infrastructure for aqua farmers is also set to come up in a few select villages, as per the Government's plans.

4.5 Farmer Producer Organization –FPOs

The collectivization of producers, especially small and marginal farm holders into producers' organization is emerging as the effective possible

pathway to address improved access to investments, technologies, knowledge support, inputs and markets. The Government of Andhra Pradesh has identified Farmer Producer Organizations (FPOs) as the appropriate institutional mechanism around which farmers would be mobilized and their collective capacity of production and marketing can be leveraged by strengthening their capacities. AP Food Processing Society will create a conducive environment for procurement of produce from FPOs and also create suitable infrastructure in Agro Food Processing Clusters so that the FPOs can plug & play their products. Government also envisages providing minimum support price to the FPOs and also creates a healthy and competitive viable environment for Food Processing

4.6 Focus Crops:

The Agriculture production system in Andhra Pradesh is multi cropped with diversifies systems of both Agriculture and Horticulture Crops. Among these crops, Government has identified some focus crops that play major role in Food Processing sector of Andhra Pradesh. Government is planning to promote crop wise clusters so that value chain development and secondary Food Processing can be taken up.

4.7 Parliamentary Constituencies & Lead Crops / Products

Andhra Pradesh has 25 parliamentary constituencies spread in 13 districts of the State. Efforts are made to identify major lead crop / product of each constituency so that emphasis can be given on these lead crops/ product when establishing the Secondary Processing units in these constituencies.

4.8.Thrust Areas

- Development of Agro Processing Clusters & Secondary Food Processing Units
- Formalization of Micro Food Processing Enterprises
- Development of Skill Development & Incubation Centres
- Development of Food Testing Laboratories
- Development of Seed Processing Industries
- Development of Meat Food Processing Industries
- Promotion of Food Processing in Dairy Sector
- Strengthening of Value Chain and secondary processing in Fisheries Sector

4.9. Development of Secondary Food Processing Clusters

The scheme aims at development of modern infrastructure to encourage entrepreneurs to set up secondary food processing units based on cluster approach. The scheme is to be implemented in areas of Horticulture /Agriculture/ Dairy and Aqua production identified through a mapping exercise. These clusters will help in reducing the wastage of the surplus produce and add value to the Horticulture / Agriculture/ dairy and Aqua produce that will result not only in ensuring MSP (Minimum Support Price) and but also helps in higher incomes to the farmers and create employment at the local level. Government will create the necessary core infrastructure and enabling infrastructure in the secondary food Processing.

Crop specific units along with required machinery will be established. Secondary food processing units to be established in big way to process the surplus produce of the crops that are procured by the different procurement agencies such as RBKs and MARKFED. The procurement agency shall supply raw material to secondary food processing industry. Secondary food processing units will be established either by Government or by credible and eligible players who can handle/can consume large volumes of raw material produced and they will operate the secondary processing unit on plug & play model. Such players will operate and maintain the processing units and provide all necessary forward linkages. Government will enter into MoAs with the eligible players.

4.10. Development of Skill Development & Incubation Centres

Government of Andhra Pradesh will encourage setting up of Skill Development & Incubation Centres with the following objectives:

- To impart entrepreneurship, and skill development training to youth
- To provide mentoring, hand holding and technology support with facilitation to promote new Technology Transfer to enterprises.
- To work with premier research institutions like IIFPT for development of skill development and incubation centers

4.11 Development of Food Testing Laboratories

Government of Andhra Pradesh will setup of Food Testing Laboratories with the following objectives:

- To analyze the samples received from food processing industries and other stakeholders
- To reduce the time taken for analysis of samples by reducing transportation time of samples.
- To ensure compliance of domestic / international standards on food.
- To establish surveillance system for monitoring the quality and consumption of food.

4.12 Support to Food Processing Industries

- All the incentives and other initiatives laid down in AP Industrial Policy 2020-23 are applicable and implemented in AP Food Processing Policy 2020-25.

4.13 Handholding and promotion of FPOs (Farmers Producers Organizations) in Food Processing sector

- 35% investment subsidy on fixed capital Investment limited to Rs.50 Lakhs for MSEs. The subsidy will be released only after 3 years of continuous operation with at least 80% efficiency in all parameters i.e employment, production etc.,

- 100% reimbursement of Stamp duty for Lease of Land/Shed/Buildings and mortgages and hypothecations.

- 50% rebate in land cost limited to 20 lakhs in Industrial Estates/Industrial Parks for MSEs.
- 25% Land conversion charges for the industrial use limited to 10 lakhs for MSEs.
- Fixed power cost reimbursement @ 1.25 per unit for 5 years from the date of commencement of commercial production.
- 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.
- Interest subsidy of 3% on the term loan taken on the fixed capital investment for a period of 5 years from the date of commencement of commercial production for MSEs.
- Reimbursement of 100% net SGST to Micro and Small Enterprises for a period of 5 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier.
- Reimbursement of 75% net SGST to medium enterprises for a period of 5 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier.
- Reimbursement of 50% SGST to large enterprises for a period of 5 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment,

4.14 Nodal Agency

Andhra Pradesh Food Processing Society shall be the nodal agency to implement the policy and will coordinate with other Departments, Government of India (GoI) and other agencies and facilitate entrepreneurs and investors in availing incentives provided under this policy and from Government of India.

4.15 Policy validity

Food processing policy will be reviewed by a committee as and when required.

4.16 Supersession

This policy supersedes any previous policy regarding food processing sector by the state.

The detailed policy document is appended at Annexure-1

The Policy will come into operation from date of issue of this order and shall remain in force for five years.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

POONAM MALAKONDAIAH
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To
The Chairman, Andhra Pradesh Food Processing Society, A.P. Vijayawada.
The Chief Executive Officer, A.P. Food Processing Society, A.P. Vijayawada.

Copy to
All the PS to Principal Secretaries / Secretaries to Government, Govt. of A.P
All Heads of the Department, Government of Andhra Pradesh.
All the Collectors, Government of Andhra Pradesh.
All Departments in A.P. Secretariat, Andhra Pradesh.
The Secretary, Government of India, Ministry of Food Processing Industries, Panchsheel Bhavan, August Kranti Marg, New Delhi-110 049.
The P.S. to Principal Secretary to Chief Minister.
The P.S. to Minister for (Agriculture / Horticulture / Marketing/ Fisheries / Animal Husbandry) Government of A.P.
The P.S. to the Chief Secretary.
The P.S. to the Secretary to Government & CIP., Industries & Commerce Department.
The Government Pleader for Industries & Commerce, High Court of A.P. for information.
SC/SF

//FORWARDED::BY ORDER//

SECTION OFFICER

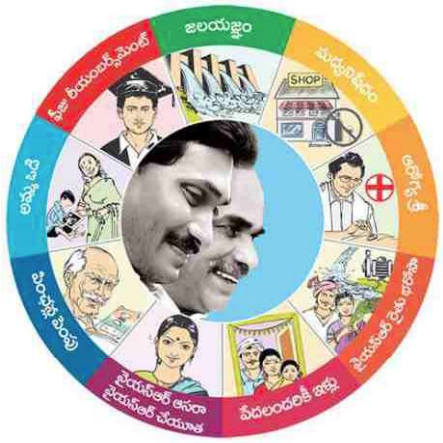
Sri. Y.S JAGANMOHAN REDDY
HON'BLE CHIEF MINISTER
GOVERNMENT OF ANDHRA PRADESH

Sri. Kurasala. Kannababu
Hon'ble Minister for
Agriculture & Cooperation, Marketing, Food Processing

Annexure -I

ANDHRA PRADESH FOOD PROCESSING POLICY - 2020-25

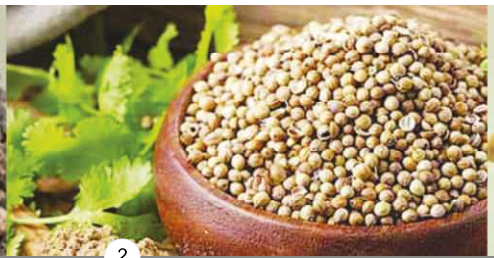
'NAVARATNALU'



'NAVARATNALU' - a flagship programme of AP Government planned to address the socio economic disparities in AP. It is a tool for welfare and development. Food processing sector is identified as one such potential tool in YSR Rythu Bharosa envisaged under NAVARTNALU. Food processing sector aims at doubling of formers income as it creates opportunities for quality produce and value addition, there by reaping maximum benefits by the farmers.

INITIATIVES UNDER YSR RYTHU BHAROSA

- Rs. 13,500 to be credited to the farmer accounts every year
- Government to pay premium for crop insurance
- Interest free loans to farmers
- Free Bore wells for farmers
- 9 Hours free power for Agriculture
- Power at Rs.1.50 per unit for Aqua farmers
- Rs. 3000 Crs price stabilization fund and guaranteed minimum support price
- Cold storages and warehouses in all constituencies and Food Processing units wherever required
- Rs. 4 subsidy on each Litre of milk
- Road tax waiver for Agriculture tractors
- Rs. 7 lakhs through YSR insurance scheme to the families of farmers who die



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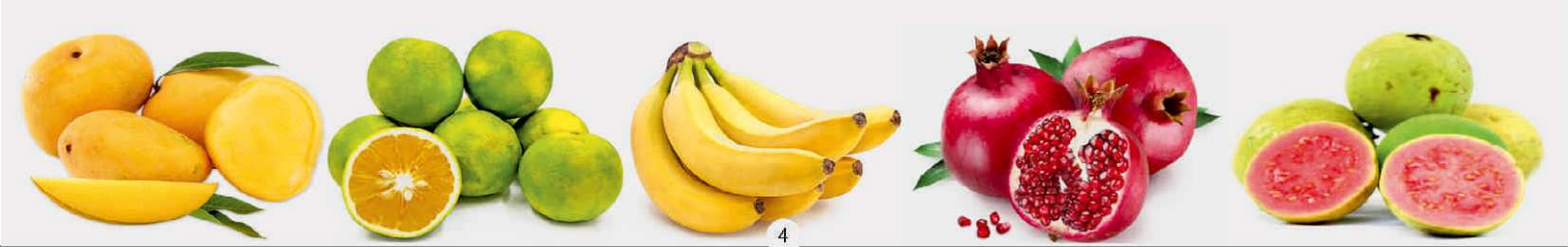
- Nodal Agency
- Policy Validity
- Supersession

Introduction

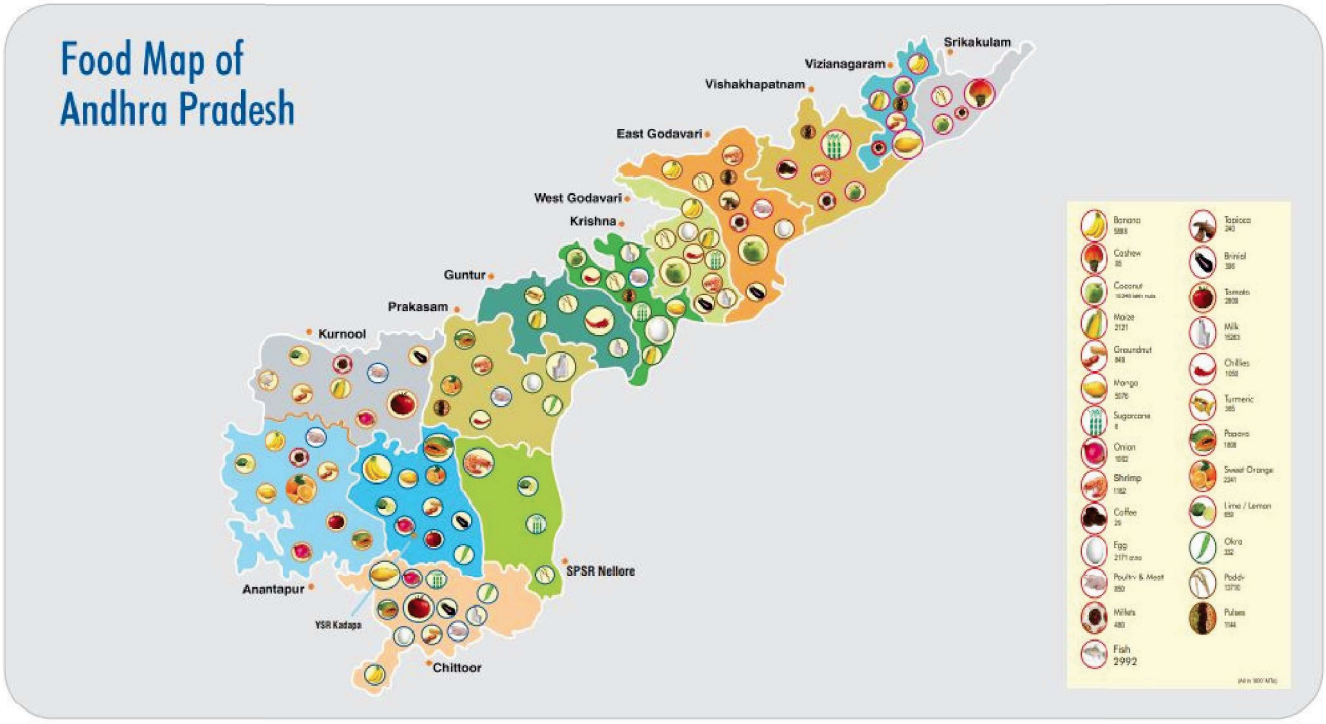
- Andhra Pradesh is strategically located on the south eastern coast of India and is a natural gateway to East and Southeast Asia. The state has a population of 4.93 crore (as per population census-2011), accounting for 4% of country's population, residing in 4.9% of country's geographical area. Andhra Pradesh is known for its fertile land and river basins, water resources, extensive canal system and conducive agro- climatic conditions. The State has the second longest coast line in India and is also one of the largest producers of marine products. In addition, it ranks first in ease of doing business. The GSDP of Andhra Pradesh at Current Prices for the year 2019-20 is estimated at Rs.9,72,782 crores as per socio-economic survey of Andhra Pradesh 2019-20. The growth in 2019-20 was 8.16% significantly higher than all India GDP growth rate of 5.0 % as per advance estimates. The sectoral growth rates of GVA of Andhra Pradesh for 2019-20 at constant (2011-12) prices are Agriculture: 8.60%, Industry: 5.67% and Services sector: 9.11%. The Per Capita Income (NSDP) of Andhra Pradesh for 2019-20 at current prices has registered a growth of 12.14 percent, which significantly exceeds all India per capita income growth of 6.25% during the same period.

- Food processing industry in Andhra Pradesh has gained prominence in recent years. Availability of raw materials, changing lifestyles and appropriate fiscal policies have given a considerable thrust to industry's growth. This sector serves as a vital link between agriculture and industrial segments of the economy. Strengthening this link is of critical importance to reduce wastage of agricultural raw materials, improve the value of agricultural produce by increasing shelf-life, fortify the nutritive capacity of food products and ensure remunerative prices to farmers as well as affordable prices to consumers. The food processing industry is highly fragmented and is dominated by unorganized sector. About 42% of the output comes from unorganized sector, 25% from organized sector and rest from small players. Though the unorganized segment varies across categories, approximately 75% of the market is still in this segment. The organized sector is relatively bigger in the secondary processing segment than the primary processing segment.



Andhra Pradesh as potential Food Processing hub

Andhra Pradesh, the eighth largest state in the country, is an agrarian state with bountiful natural resources and a forward looking farming community. Andhra Pradesh occupies a premier position in the country's agribusiness industry with major contribution in agriculture, horticulture, dairy, poultry, fisheries and marine production. Around 60% of the state's population is employed in agriculture and related activities, which makes Food Processing one of the major thrust areas for the state. Andhra Pradesh is ranked first in India in productivity of Oil palm, Cocoa, Acid lime, Papaya, Tomato and Chillies. Andhra Pradesh ranks second in the India in productivity of Mango, sweet orange and Turmeric. Andhra Pradesh is one of major milk producer and stands 4th position in the country with a production of 152 Lakh MT, meat production stands 4th position with 8.5 lakh MT and stands 1st position of egg production in the country with 2177 Cr (No.of eggs). Paddy stands in 2nd position with 127 Lakh MT, Maize stands in 2nd position with 18 Lakh MT and leading producer of Ground Nut and Millets. AP Share in seafood exports value in the country is 36.11% and AP State first in production of shrimp with 66.67%.



Produce	Production
Cereals	168.67 Lakh MT
Pulses	11.87 Lakh MT
Oil seeds	8.96 Lakh MT
Fruits	175 Lakh MT
Vegetables	77.30 Lakh MT
Spices	16.69 Lakh MT
Sheep and Goat	231 lakhs
Milk	130 Lakh Litres
Fish	42 Lakh MT

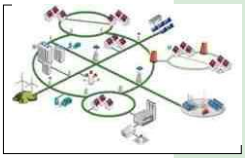
AP Advantages/ Opportunities

5 Agro climatic zones

10,025 Rythu Bharosa Kendras (RBKs) at Village level having potential for micro food enterprises.

Large and diverse raw material base suitable for Food Processing Industries. Major producer of Fruits, Vegetables, Spices, Paddy, Maize, Ground nut, millets, pulse, Aqua, Milk and Meat.

Good scientific and research talent pool with 70% literacy rate and 58 Agricultural & Horticultural Research Stations.



Well-developed infrastructure distribution network.

Strategic geographic location with 980 km of coastline, 6 ports, 6 Domestic Airports operating including 3 International Airports.

6 Ports, 1 International Airports and 3 Domestic Airports are under Development.

Cold Storages - 341 (18.78 Lakh MT) & Warehouses - 109 (13.38 Lakh MT)

Ripening Chambers -240 (53,477 MT) & Packhouses -3068

Food Quality testing labs - 5 (Pvt. Sector)

Large Road network totaling 1,32,415 km and Rail network totaling 3,703 km with density of 16.59 (Rail routes per 1000 km).

Cargo Facilities - 3rd Largest State in terms of cargo handling with air cargo tonnage of 7,665 MT & Port capacity of 315 MMT.

4 Major river systems and 17 Minor rivers with total water resources of over 108 BCM (Surface & Ground water)

24 x 7 power supply

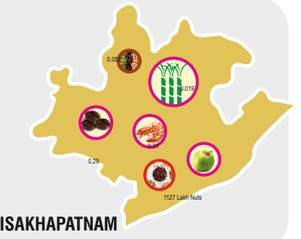
Single Window clearance for Food Processing Unit.

Andhra Pradesh 1st in Ease of Doing Business

Raw Material available in nearby areas of

Telangana -

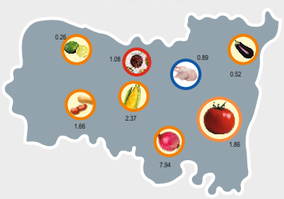
Jowar, Orange, Chillies, Ground Nut, Maize

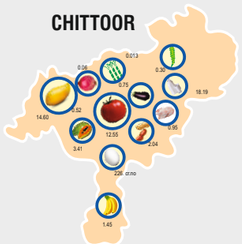


Raw Material available in nearby areas of

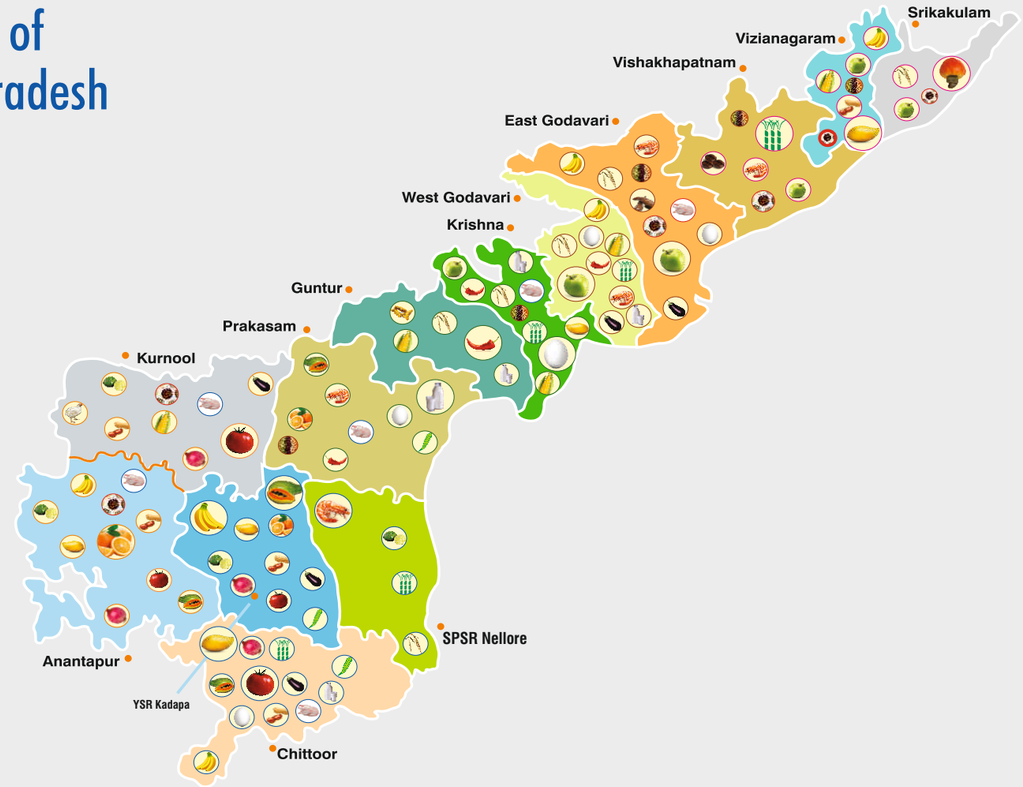
Orissa -

Paddy, Maize, Ginger, Mango



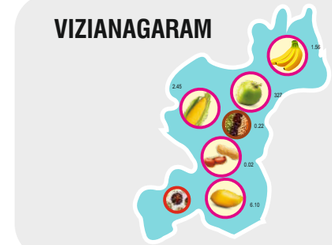


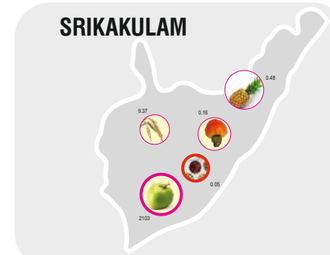
Food Map of Andhra Pradesh



Banana	5888	Tapioca	240
Cashew	95	Brinial	396
Coconut	16348 lakh nuts	Tomato	2809
Maize	2121	Milk	15263
Groundnut	849	Chillies	1050
Mango	5076	Turmeric	365
Sugarcane	6	Papaya	1808
Onion	1002	Sweet Orange	2241
Shrimp	1182	Lime / Lemon	659
Coffee	29	Okra	332
Egg	2171 cr.no	Paddy	13710
Poultry & Meat	850	Pulses	1144
Millets	480		
Fish	2992		

(All in '000' MTs)

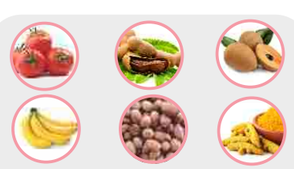




Raw Material available in nearby areas of

Karnataka -

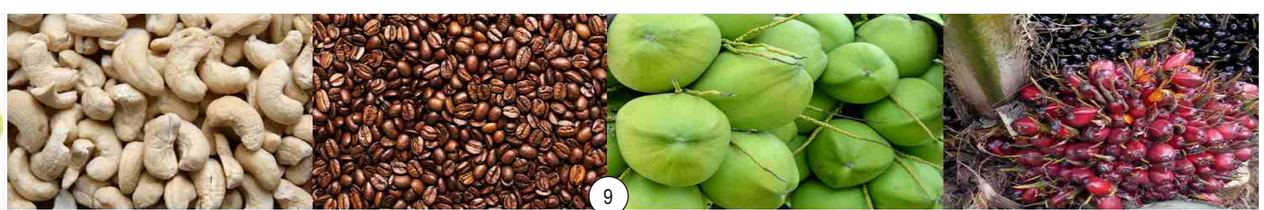
Vegetables, Sunflower, Sapota,
Tomoto, Pomegranate



Raw Material available in nearby areas of

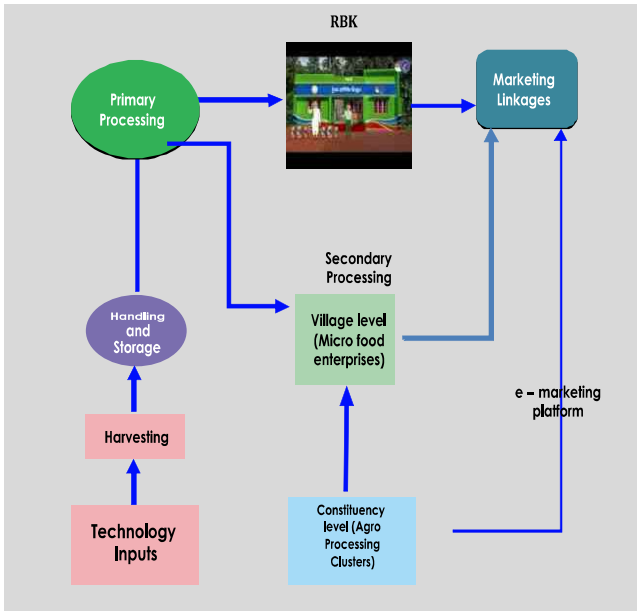
Tamilnadu -

Ground Nut, Tomato, Banana, Sapota
Tamarind, Turmeric



Farmer Producer Organization -FPOs

The collectivization of producers, especially small and marginal farm holders into producers' organization is emerging as the effective possible pathway to address improved access to investments, technologies, knowledge support, inputs and markets. The Government of Andhra Pradesh has identified Farmer Producer Organizations (FPOs) as the appropriate institutional mechanism around which farmers would be mobilized and their collective capacity of production and marketing can be leveraged by strengthening their capacities. AP Food Processing Society will create a conducive environment for procurement of produce from FPOs and also create suitable infrastructure in Agro Food Processing Clusters so that the FPOs can plug & play their products. Government also envisages providing minimum support price to the FPOs and also creates a healthy and competitive viable environment for Food Processing



Rythu Bharosa Kendram (RBK): as Primary Processing Centre:

For the first time in India, Government of Andhra Pradesh envisaged a new concept of Rythu Bharosa Kendras (RBKs) in all the Village Secretariats to serve as a single point of contact / single window system to cater to all the day to day needs of the farming communities. RBK also provide land records at village level issue Rythu Bharosa Cards to farmers and provide services of banking correspondence at village level. The newly set up RBKs have digital kiosks and an App to help the farmers to supply seed, seedlings, fertilizers and information on package of practices, latest technologies and real time market prices to the agriculture, Horticulture, Sericulture, Animal Husbandry, Fisheries and Aquaculture farmers in the State. Farmers have to place orders to kiosks and staff of the concerned department will deliver the stocks. The RBKs will offer up to 13 different kinds of infrastructure services for farmers at the village level, depending on the local crop patterns and requirements. The services include godown facility, drying platforms for drying agricultural produce, collection centres, cold storages, custom hiring centres, primary processing centres, assaying equipment (to determine the quality of produce),bulk milk cooling units, procurement centres and e-

Policy Targets:

- ✓ AP Food Processing Policy will have Farmer Centric Vision with better price realization to the farmer to create competition for best discovery of price.
- ✓ Minimizes procurement losses taken up by different Government procurement agencies.
- ✓ Aims at productivity enhancement of different crops suitable for food processing and also encourages cultivation of promising processing varieties.
- ✓ Promotes packaging industry in the State.
- ✓ Make Andhra Pradesh one of the most preferred destinations for food processing sector.
- ✓ Reduce post-harvest losses by promoting and enhancing food processing infrastructure by increasing farmer's income.
- ✓ Create additional employment opportunity.
- ✓ Strengthening and upgradation of existing food processing industries.

Policy Objectives:

- ✓ To promote Innovation, Research & development for focus crops and ensure continuous technology up gradation by promoting new Technology Transfer to enterprises.
- ✓ Appropriate crop planning to ensure regular supply of raw material to the Food processing industry.
- ✓ Produces quality produce by encouraging Good Agricultural Practices (GAP).
- ✓ To support FPOs/Cooperatives for creation of common infrastructure along the value chain, ensure backward and forward linkages, branding & marketing etc.
- ✓ To enhance marketing strategies by tie-up with existing dominant players in food industries.
- ✓ To establish Agro Processing clusters closer to production areas that is potential.
- ✓ To encourage transition from the unorganized sector to the formal sector by enhanced compliance with food quality and safety standards.
- ✓ To impart entrepreneurship, and skill development training to youth by establishing skill development and incubation centers in Food Processing sector.
- ✓ Backward linkages with Rythu Bharosa Kendras/primary processing centres for supply of raw material needed for the industry.
- ✓ Establishing market linkages/ forward linkages with commodity online platforms.

5. Focus Crops:

The Agriculture production system in Andhra Pradesh is multi cropped with diversifies systems of both Agriculture and Horticulture Crops. Among these crops, Government has identified some focus crops that play major role in Food Processing sector of Andhra Pradesh. Government is planning to promote crop wise clusters so that value chain development and secondary Food Processing can be taken up. The value chain of Agriculture and Horticulture crops consist of multiple intermediaries and handling it sometimes leads to high physical wastage and /are value loss of the produce, thereby incurring huge losses to the procurement agencies and other people that are in the value chain. The major challenge before the Government is to identify the gaps in the value chain and to tie up between the farmer, procurement agency and the processing industry so that these procurement losses can effectively translate into profits by delivering the products having consumer preference market acceptance with attractive quality packing and branding.

S.No	Crop	Area (Lakh Ha)	Production (Lakh MT)	Major Districts
1	Maize	1.12	5.07	Guntur, Kurnool, Ananthapuram, Srikakulam, Vizianagaram
2	Millets	0.71	0.66	Anantapur, Prakasam, Visakahapatnam
3	Red Gram	2.28	1.18	Kurnool, Prakasam, Ananthapuram, Guntur
4	Banana	0.98	59	YSR Kadapa, Ananthapur, East Godavari, West Godavari
5	Chilli	1.7	10.5	Guntur, Krishna, Ananthapuram, Kurnool, Prakasam
6	Mango	3.9	50.76	Chittoor, YSR Kadapa, Anantapuram
7	Onion	0.44	10.02	Kurnool, Ananthapuran
8	Sweet Orange	0.87	22.41	Anantapur, YSR Kadapa, Prakasam
9	Tomato	0.61	28.07	Chittoor, Anantapur, Kurnool
10	Turmeric	0.3	3.65	Kurnool, Visakhapatnam, Krishna, Guntur, YSR Kadapa

Parliamentary Constituencies & Lead Crops / Products

- Andhra Pradesh has 25 parliamentary constituencies spread in 13 districts of the State. Efforts are made to identify major lead crop / product of each constituency so that emphasis can be given on these lead crops/ product when establishing the Secondary Processing units in these constituencies.

List of Parliamentary Constituencies & Lead Crops / Productsin Andhra Pradesh

S. No.	Parliamentary Constituency	District	Lead crop / Product
1	Srikakulam	Srikakulam	Coconut
2	Vizianagaram	Vizianagaram	Mango
3	Visakhapatnam	Visakhapatnam	Millets
4	Aruku	Visakhapatnam	Coffee
5	Anakapalli	Visakhapatnam	Sugarcane
6	Kakinada	East Godavari	Aqua & Paddy straw (Waste to worth)
7	Amalapuram	East Godavari	Coconut
8	Rajahmundry	East Godavari	Aqua & Poultry
9	Eluru	West Godavari	Maize
10	Narsapuram	West Godavari	Fish
11	Vijayawada	Krishna	Pickles & Mango
12	Machilipatnam	Krishna	Milk & Poultry
13	Bapatla	Guntur	Aqua
14	Guntur	Guntur	Chillies &Turmeric
15	Narasaraopet	Guntur	Maize
16	Ongole	Prakasam	Spices & Milk
17	Nellore	Nellore	Aqua
18	Tirupati	Chittoor	Tomato
19	Chittoor	Chittoor	Mango & Tomato
20	Rajampet	YSR Kadapa	Banana & Millets
21	Kadapa	YSR Kadapa	Banana
22	Ananthapur	Ananthapur	Groundnut
23	Hindupur	Ananthapur	Sweet Orange
24	Kurnool	Kurnool	Onion
25	Nandyal	Kurnool	Onion

Thrust Areas :

- Development of Agro Processing Clusters & Establishment of Secondary Food Processing Units.
- Formalization of Micro Food Processing Enterprises
- Development of Skill Development & Incubation Centres
- Development of Food Testing Laboratories
- Development of Meat Food Processing Industries
- Promotion of Processing in Dairy Sector
- Strengthening of Value Chain in Aqua Sector.
- Development of Seed Processing Industries

1. Development of Secondary Food Processing Clusters

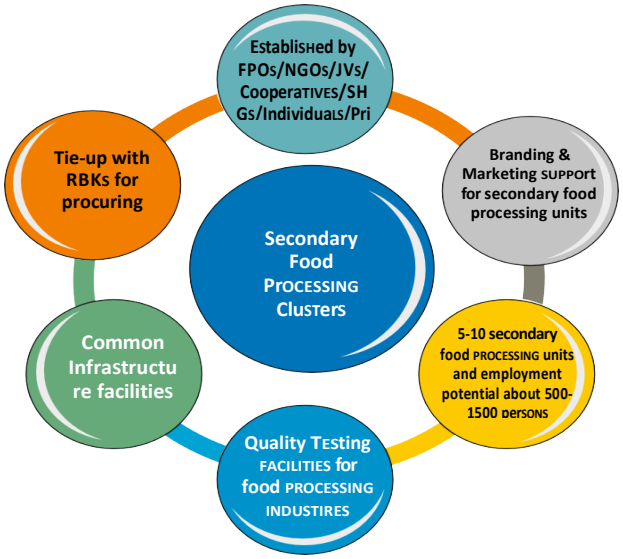
About the Scheme:

The scheme aims at development of modern infrastructure to encourage entrepreneurs to set up secondary food processing units based on cluster approach. The scheme is to be implemented in areas of Horticulture / Agriculture/ Dairy and Aqua production identified through a mapping exercise. These clusters will help in reducing the wastage of the surplus produce and add value to the Horticulture / Agriculture/ dairy and Aqua produce that will result not only in ensuring MSP (Minimum Support Price) and but also helps in higher incomes to the farmers and create employment at the local level. Government will create the necessary core infrastructure and enabling infrastructure in the secondary food Processing.

Crop specific units along with required machinery will be established. Secondary food processing units to be established in big way to process the surplus produce of the crops that are procured by the different procurement agencies such as RBKs and MARKFED. The procurement agency shall supply raw material to secondary food processing industry. Secondary food processing units will be established either by Government or by credible and eligible players who can handle/can consume large volumes of raw material produced and they will operate the secondary processing unit on plug & play model. Such players will operate and maintain the processing units and provide all necessary forward linkages. Government will enter into MoAs with the eligible players.

Objectives of the Scheme:

- The major objectives of the scheme are:
  To create modern infrastructure for secondary food processing closer to production areas.
- To provide integrated and complete preservation infrastructure facilities from the farm gate to the consumer.
- To create effective backward and forward linkages by linking groups of producers / farmers to the processors and markets through well-equipped supply chain.


Established by FPOs/NGOs/JVs/ Cooperatives/SHGs/Individuals/Pri
Tie-up with RBKs for procuring
Branding & Marketing support for secondary food processing units
Secondary Food Processing Clusters
Common Infrastructure facilities
5-10 secondary food processing units and employment potential about 500-1500 persons
Quality Testing facilities for food processing industires

Pattern of Assistance for development of secondary food processing clusters:

- Grant-in-aid @ 35% of eligible project cost up to Rs.10.00 Cr

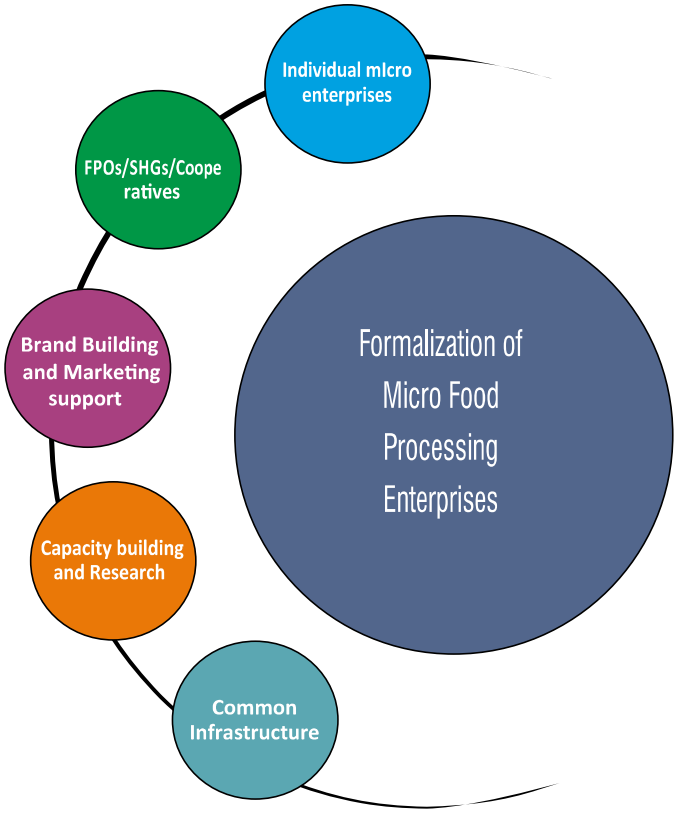
Project Execution Agency (PEA):

- Govt. Departments / PSUs / Joint Ventures / Cooperatives / Farmer Producer Organizations (FPOs) / Private Sector Companies who will be eligible for financial assistance under the scheme.

2. Formalization of Micro Food Processing Enterprises

About the Scheme:

This scheme is a centrally sponsored scheme that is designed to address the challenges faced by the micro enterprises and to tap the potential of groups and cooperatives in supporting the upgradation and formalization of these enterprises.



Aim of the Scheme:

- Enhance the competitiveness of existing individual micro-enterprises in the unorganized segment of the food processing industry and promote formalization of the sector.
- Support Farmer Producer Organization (FPOs), Self Help Groups (SHGs) and
- Producers Cooperatives along their entire value chain.

Objectives:

- Increased access to credit by existing micro food processing entrepreneurs, FPOs, Self Help Groups and Co-operatives.
- Integration with organized supply chain by strengthening branding & marketing.
- Support for transition of existing and new 10,029 enterprises into formal framework.
- Increased access to common services like common processing facility, laboratories, storage, packaging, marketing and incubation services.
- Strengthening of institutions, research and training in the food processing sector. Increased access for the enterprises, to professional and technical support.

Pattern of Assistance:

- @35% of the eligible project cost with a maximum ceiling of Rs.10.0 lakh per unit to Individual micro food processing units as credit-linked capital subsidy.
- Brand Building & Marketing support @50% upto Rs.10.00 Lakhs
- Support for common infrastructure@35% upto Rs.10.00 Lakhs
- Seed capital assistance @ Rs.40,000 per SHG member for working capital. @35% of the eligible project cost with a maximum ceiling of Rs.10.0 lakh for FPOs.

3. Development of Skill Development & Incubation Centres

Objectives:

- To impart entrepreneurship, and skill development training to youth.
- To provide mentoring, hand holding and technology support with facilitation
- To promote new Technology Transfer to enterprises.

- Skill development and incubation centers to be set up by convergence with AP State Skill Development Corporation (APSSDC) @ 1 at each District.

- To work with premier research institutions like IIFPT for development of skill development and incubation centers.

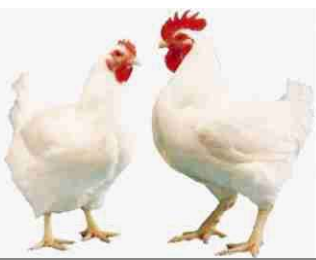
Skill Development & Incubation Centres

- Machinery for Training
- Opportunities & Providing DPRs
- Information on Subsidies/ Loans
- Class rooms for Training
- Link up with Dt level offices
- Filed visits to Industries

4. Development of Food Testing Laboratories

Objectives:

- To analyze the samples received from food processing industries and other stakeholders.
- To reduce the time taken for analysis of samples by reducing transportation time of samples.
- To ensure compliance of domestic /International standards on food.
- To establish surveillance system for monitoring the quality and consumption of food.
- Establishment of Food Testing laboratories @ 1 at each District.



5. Development of Meat Food Processing Industries

India is the largest producer of buffalo meat (16.62 Lakh MTs), second largest producer of goat meat (5.06 Lakh MTs) and third largest producer of broiler meat (35.91 Lakh MTs) globally during 2018-19. The total meat production in India was 81.14 Lakh MTs during 2018-19.

Andhra Pradesh occupies 4th position in meat production in the country with an estimated production of 7.81 Lakh MTs as per the approved estimates of Govt of India during 2018-19. The meat sector contributes Rs.30,821 Cr to the GSDP of the State. The meat sector in Andhra Pradesh provides livelihood for about 4 lakh farmer families.

For promoting meat processing sector in AP in a big way, the State Government is implementing various innovative initiatives with focus on strong policy support as follows :

- Enhancing the meat production in the State by providing forward and backward linkages by distributing 2.49 lakh Sheep and Goat Units under YSR Cheyuta program through Animal Husbandry Department.
- Strengthening existing meat marketing for providing better price to meat and meat products by partnering with Allana Foods and other key private players in meat exports

Other factors contributing for positive trends in Meat processing sector in Andhra Pradesh include – (a) changing consumer preferences (b) strong domestic demand and rising export opportunities (c) higher consumption levels (d) emphasis on health and wellness among consumers (d) new product innovation, specialized products and product extensions for the various existing food items.

Keeping in view of the very high potential for meat processing sector in Andhra Pradesh, it is proposed to establish (3) Mega Meat Processing Hubs at Sankhavaram (East Godavari District), Vizianagaram and Kurnool Districts.

Meat Outlets at Village level (RBKs)

- No. Of Units - 10,641
- Components
  - Freezer/Electrical stunner / Knives / Sharpening stone / Working platforms / Wire mesh / Protective clothing for meat handlers / workers – Rs. 50,000.

6. Promotion of Processing in Dairy Sector

India is the largest producer of Milk in the world with the production estimated at 1877.49 Lakh MTs during 2018-19. Andhra Pradesh occupies 4th position in milk production in the country with an estimated production of Lakh MTs as per the approved estimates of Govt of India during 2018-19 Milk is the single largest commodity contributing Rs.57,423 Cr (5.90%) to the GSDP (Rs.9.73 Lakh Crores) of the State during 2019-20.

The milk sector in Andhra Pradesh provides subsidiary income to about 28 lakh farmer families who own 108 lakh cattle and buffaloes and plays key role in uplifting the socio-economic status of these farmers dependant on milch animal rearing for their livelihood.

For promoting milk processing sector in AP in a very big way, the State Government is implementing various innovative initiatives with focus on strong policy support as follows :

- Enhancing the milk production in the State by providing forward and backward linkages by distributing 4.69 lakh milch animals under YSR Cheyuta program through Animal Husbandry Department.

- Strengthening existing milk marketing for providing better price to women milk producers in the State by establishing 9899 Bulk Milk Cooling Units and Automatic Milk Collection Units in partnership under AP-AMUL project

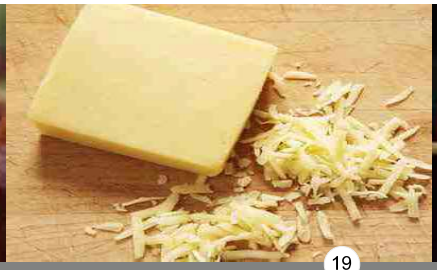
Keeping in view of the very high potential for milk processing sector in Andhra Pradesh, it is proposed to establish (4) Mega Milk Processing Hubs at Vizag, Ongole (Prakasam District), Guntur and Pulivendula (YSR Kadapa District).

Milk Potential Villages and MILK Collection Centers

- Out of **10,641** Rythu Bharosa Kendras (RBK) - 9,889 villages are the milk potential villages.
- Milk Collection Centers (MCCs) are proposed in 6,510 villages.
  - 1,000 Lts., to 2,000 Lts., capacity – Room space required is 390 Sq. Ft. (14.3 Ft. X 27.3 Ft.)
  - 3,000 Lts., to 5,000 Lts., capacity – Room space required is 860 Sq. Ft. (21.3 Ft. X 41.3 Ft.)

Bulk Milk Cooling Units (BMCUs)

- The **6,510** Milk Potential Villages, it is proposed to establish BMCUs with 1,000 to 5,000 liters capacity.
  - 1,000 Lts., to 2,000 Lts., capacity – 5,386 No's
  - 3,000 Lts., to 5,000 Lts., capacity – 674 No's



7. Strengthening of Value Chain and secondary processing in Fisheries Sector.

AP State is endowed with diversified & potential water resources with a long coastline of 974 km, Brackish water lands of 1.75 lakh ha, inland water bodies of about 8.00 lakh ha.

Andhra Pradesh stands first in the country in the fisheries sector both in terms of total fish and prawn production and total value of fish products. In 2017-18, the State had fish production of 34, 49,560 tons (28, 44,610 tons of inland fish and 6, 04,950 tons of marine fish) accounting for 27.4 % of India's production.

Various schemes and policies of the State Government has supported interventions in the best way at each step of the fish value chain for developing fisheries sector across the State through enhanced production and exploring export. In spite of having highest production, the per capita consumption in the State is very low (1.8 kg per capita per annum in rural areas and 1.32 kg per capita per annum in urban areas) in comparison to average national per capita fish consumption of 7.5 kg to 10 kg per year and the global average of 20 kg to 30 kg per capita fish consumption per year. The State needs a dedicated programme on enhancing the per capita consumption of fisheries in the State through creation and development of Aqua hubs, pre-processing and processing units for end to end value chain development to enhance export and domestic consumption.

With rise in urbanization, the demand for processed fish and shrimp has been increasing on a larger scale. In order to cater this rising demand, it is therefore important to establish Processing FFPOs with the support from Department of Fisheries, Government of Andhra Pradesh.

Secondary Processing proposed for

- Aqua Bazar at Constituency stage for 150 units
- Pre-Processing units for 23 units
- Processing units for 10 units

To improve the livelihood of fisherman, Government has decided to provide **atleast one Fishing Harbour/ Fish Landing Center in each coastal district.**

1. Thus, the following **8 Fishing Harbours & 4 Fish Landing Centers** are planned at a cost of **Rs. 3000 Cr.**

a.Fishing Harbours

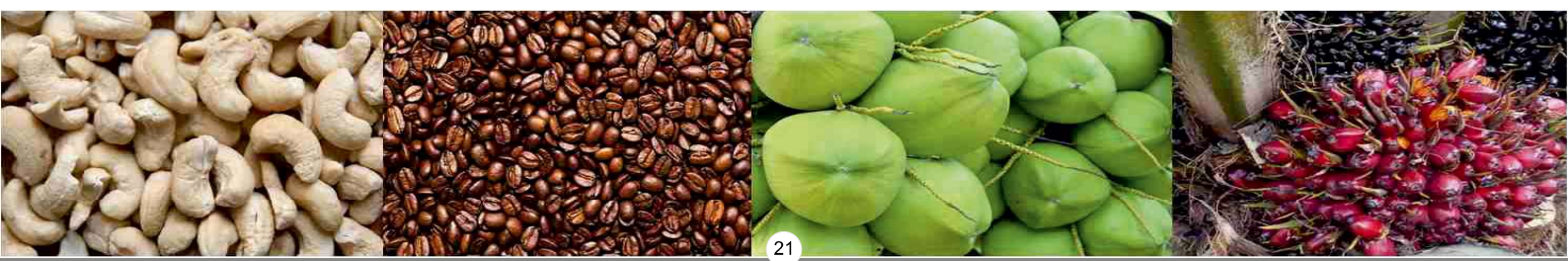
- Juvvaladinne, Nellore Dist.
- Kothapatnam, Prakasam Dist.
- Nizampatnam, Guntur Dist.
- Machilipatnam, Krishna Dist.
- Biyyaputhippa, West Godavari Dist.
- Uppada, East Godavari Dist.
- Pudimedaka, Visakhapatnam Dist.
- Budagatlapalem, Srikakulam Dist.

8.Development of Seed processing industries

- Seed is the basic and most critical input for sustainable agriculture. The response of all other inputs depends on quality of seeds to a large extent. It is estimated that the direct contribution of quality seed alone to the total production is about 15 – 20% depending upon the crop and it can be further raised up to 45% with efficient management of other inputs, farmer has a wide product choice and seed industry today is set to work with a 'farmer centric' approach and is market driven. However, there is an urgent need also to transform themselves in tune with the industry in terms of infrastructure, technologies, approach and the management culture to be able to survive in the competitive market and to enhance their contribution in the national endeavour of increasing food production to attain food & nutritional security.
- The State of Andhra Pradesh is known as Seed Hub having favourable climatic conditions for seed production of various crops. But the seed processing facilities are limited in the state of Andhra Pradesh after bifurcation of the State in the year 2014 as most of the Seed companies have their Seed processing units situated in the state of Telangana. Though the Seed processing facilities are limited as of now the state of Andhra Pradesh remains to be the strong seed production base to the seed companies.
- The enhancement of the Seed processing facilities in the state is the need of the hour to bring back the glory to the Seed industry in the State. Establishment of New Seed Processing Units in the state would improve the infrastructure facilities for Seed Processing, packing, storage and supply. It will improve the Quality seed availability to the Farming community not only in the state but also gives scope for tapping the seed export potential. This facility once established can be utilized for the Seed processing as well as for primary/secondary processing of the food grains viz., Pulses and Millets to get the grain as a finished product.

Seed Processing Units proposed in Andhra Pradesh

- ✓ Primary Seed processing Units at RBK level : 2000 Under RKVY Scheme) : Post harvest operations and Checking for IMSCS, 2013 compliance
- ✓ Secondary Seed processing Units at Cluster/Constituency level for Seed and Millets processing: 50 (17 Existing and 33 New)(Under SMSP-NFSM Scheme) : Processing and Packing



9.Support to Food Processing Industries **

I. Micro and Small Enterprises:

S.No.	Scheme	Incentives as per Industrial Policy 2020-23
1	Investment subsidy	**Micro and Small Enterprises:** 15% upto Rs. 20 lakhs **Farmers Producers Organizations (FPOs):** 35% upto Rs. 50 lakhs **BC/ Minority Communities (women):** 35% upto Rs. 50 lakhs **SC/ST Entrepreneurs:** 45% limited to Rs. 1.00 Crore for Women and Men
2	Interest Subvention	**Micro and Small Enterprises:** 3% for 5 years **Farmers Producers Organizations (FPOs):** 3% for 5 years **BC/ Minority Communities (Women):** 3% for 5 years **SC/ST Entrepreneurs:** Up to 9% over and above 3% for 5 years
3	Power cost reimbursement	**Micro and Small Enterprises:** @ 1.00 per unit for 5 years **Farmers Producers Organizations (FPOs):** @ 1.25 per unit for 5 years **BC/ Minority Communities (women):** @ 1.25 per unit for 5 years **SC/ST Entrepreneurs:** @ 1.50 per unit for 5 years
4	Stamp duty and Transfer duty for Purchase of land, Lease of Land/ Shed/Buildings, Mortgage and Hypothecation duty	100% Reimbursement for MSEs, FPOs, BC / Minority Communities (Women) and SC/ST Entrepreneurs
5	Land Conversion Charges	25% Land Conversion Charges upto Rs. 10 lakhs for MSEs, FPOs, BC / Minority Communities (Women) and SC/ST Entrepreneurs
6	Land cost rebate	50% rebate in land cost upto Rs. 20 lakhs for FPOs, BC / Minority Communities (Women) and SC/ST Entrepreneurs
7	SGST Reimbursement (for a period of 5 years)	**Micro and Small Enterprises:** Reimbursement of 100% net SGST for 5 years **FPOs, BC/ Minority Communities (Women) and SC/ST Entrepreneurs:** Micro and Small enterprises 100%

S.No.	Scheme	Incentives as per Industrial Policy 2020-23
8	Quality Certification / Patent Registration	**SC/ST Entrepreneurs:** 100% of cost incurred limited to Rs. 3 lakhs
9	Seed Capital Assistance	**SC/ST Entrepreneurs:** 25% of machinery cost for micro units
10	Other Common Initiatives	16.2 % of plots for SC Entrepreneurs 6% of plots for ST Entrepreneurs in industrial parks

II. Medium Large and Mega Industries

No.	Scheme	Incentives as per Industrial Policy 2020-23
1	SGST Reimbursement (for a period of 5 years)	**Medium Enterprises, Large and Mega Industries** **Employment generated — SGST reimbursement** <1000 — 50% 1000 to 2000 — 75% 2000+ — 100% **FPOs, BC/ Minority Communities (Women) and SC/ST Entrepreneurs** Large enterprises — 50% Medium enterprises — 75%

✓ All the incentives and other initiatives laid down in AP Industrial Policy 2020-25 are applicable and implemented in AP Food Processing Policy 2020-25.

** for private enterprises

10. Quality, Health and Safety Aspects envisaged

Food Processing Industry must meet International standards to ensure highest quality, hygiene and safety of food. The industry is to adhere to standards regarding health and safety of the workers involved throughout the food handling process.

The policy seeks to enforce compliance of food safety regulatory requirements as specified under the Food safety and standards act, 2006 and seeks to promote a regime of self – regulation amongst food processors in the state.

11. Nodal Agency

Andhra Pradesh Food Processing Society, Industries & Commerce Dept. shall be the nodal agency to implement the policy and will coordinate with other Departments, Government of India (GoI) and other agencies and facilitate entrepreneurs and investors in availing incentives provided under this policy and from Government of India.

12. Policy validity

Food processing policy will be reviewed by a committee as and when required

13. Supersession

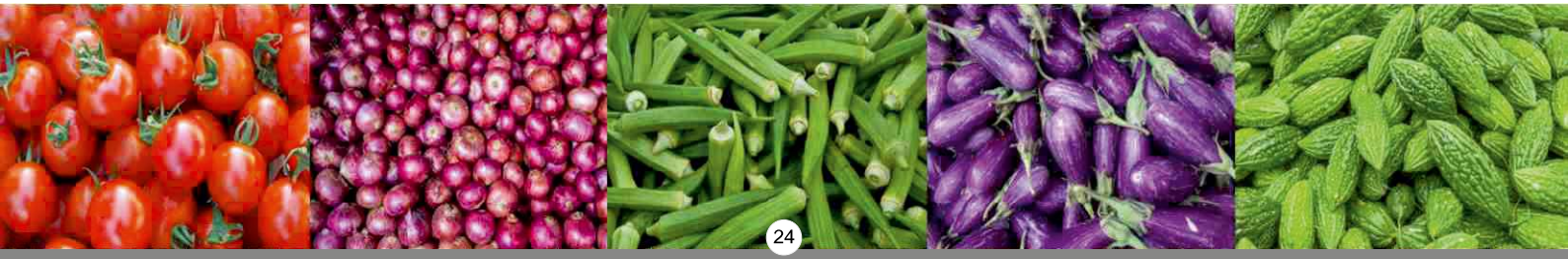
This policy supersedes any previous policy regarding food processing sector by the state.

Major Institutions related to Food Processing

Oraganization
INDIAN INSTITUTE OF HORTICULTURAL RESEARCH, Bangalore, Karnataka (www.iihr.ernet.in)
NATIONAL RESEARCH CENTRE ON MEAT, Boddupal, Hyderabad (www.nrcmeat.org.in)
CENTRAL INSTITUTE OF FRESHWATER AQUACULTURE, Boddupal, Hyderabad (www.nrcmeat.org.in)
INDIAN INSTITUTE OF FOOD PROCESSING TECHNOLOGY, Thanjavur, Tamil Nadu (http://www.iicpt.edu.in/)
INTERNATIONAL CROPS RESEARCH INSTITUTE FOR THE SEMI-ARID TROPICS, (ICRISAT), Hyderabad, Telangana (http://www.icrisat.org/)
INDIAN INSTITUTE OF SPICES RESEARCH, Kozhikode (Calicut), Kerala (http://www.spices.res.in/)
CENTRAL INSTITUTE OF BRACKISHWATER AQUACULTURE, Chennai, Tamil Nadu (http://www.ciba.res.in/)
CENTRAL INSTITUTE OF FISHERIES EDUCATION, Mumbai, Maharashtra (www.cife.edu.in/)
INSTITUTE OF BIOTECHNOLOGY, ACHARYA N. G. RANGA AGRICULTURAL UNIVERSITY, Hyderabad, Andhra Pradesh (www.angrau.ac.in)
CENTRAL FOOD TECHNOLOGICAL RESEARCH INSTITUTE, Mysore, Karnataka (www.cftri.com/)
NATIONAL INSTITUTE OF NUTRITION, Hyderabad, Andhra Pradesh
DIVISION OF NUTRITION, ST. JOHN'S INSTITUTE, Bangalore, Karnataka (http://www.sjri.res.in/)
INDIAN INSTITUTE OF PACKAGING (IIP) Mumbai, Maharashtra.

Major Institutions related to Food Processing in A.P.

Oraganization
SPICES BOARD, Guntur
COCONUT DEVELOPMENT BOARD, Vijayawada
INDIAN INSTITUTE OF OIL PALM RESEARCH, Pedavegi West Godavari
NATIONAL HORTICULTURAL RESEARCH AND DEVELOPMENT FOUNDATION, Kurnool
ACHARYA N. G. RANGA AGRICULTURAL UNIVERSITY (ANGRAU), Guntur
DR.Y.S.R. HORTICULTURAL UNIVERSITY. (YSRHU) West Godavari.
SRI VENKATESWARA VETERINARY UNIVERSITY (SVVU),Tirupati



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